

Schedule 5(d)

Form of Election Notice for Holders of Claims in Class 4

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO et al.,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY,

Debtor.

PROMESA

Title III

No. 17 BK 3567-LTS

**ELECTION NOTICE
FOR NATIONAL INSURED BONDHOLDERS WITH CLAIMS IN CLASS 4**

This Election Notice (the “Notice”) is being sent to the beneficial holders of Allowed HTA 68 Bond Claims (National) arising on account of National Insured Bonds, which are insured by National Public Finance Guarantee Corporation (“National”). These securities give rise to Claims

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

in Class 4 of the *Third Amended Title III Plan of Adjustment of the Puerto Rico Highways and Transportation Authority* (as the same may be updated, supplemented, amended and/or otherwise modified from time to time, the “Plan”).² Although National has the right to cast the vote on account of Claims arising from National Insured Bonds to accept or reject the Plan, holders of Claims in Class 4 are entitled to elect their form of treatment under the Plan.

Each holder of an Allowed HTA 68 Bond Claim (National) (an “Allowed National Insured Bond Claim”)³ has the option to elect to receive on the HTA Effective Date, or as soon as reasonably practicable thereafter, in full consideration, satisfaction, release, and exchange of such holder’s Claim:

National Commutation Treatment (Option 1): On the HTA Effective Date, or as soon as reasonably practicable thereafter, you will receive the National Commutation Consideration, distributable by or at the direction of National in its sole and absolute discretion pursuant to Section 26.2 of the Plan. The National Commutation Consideration consists of (i) your Pro Rata Share of the New HTA Bonds, or Cash in lieu thereof,⁴ distributable on account of your Allowed National Insured Bond Claim, plus (ii) Cash from National in an amount that, together with (i), equals 100%⁵ of National’s obligation to you arising from the National Insurance Policies relating to your Allowed National Insured Bond Claim,⁶ in full and complete satisfaction, release, and discharge of any further obligation of National with respect to the applicable National Insurance Policies (and, by making such election, you shall be deemed to have agreed to commute the National Insurance Policies relating to your Allowed National Insured Bond Claim). For the avoidance of doubt, the National Commutation Consideration shall not include any

² Unless otherwise defined herein, each capitalized term used herein shall have the meaning given to it in the Plan.

³ Any calculations and/or payments to be made to you based on, or in relation to, your Allowed National Insured Bond Claims pursuant to the options set out herein will take into account any payments of principal and/or accrued interest already made to you by National pursuant to the terms of the relevant National Insurance Policies. For the avoidance of doubt, you shall not be compensated for any amounts already paid to you pursuant to the terms of the relevant National Insurance Policies.

⁴ Pursuant to the Plan, HTA has the right to elect to substitute Cash for the New HTA Bonds that would otherwise be issued on the HTA Effective Date, on a dollar-for-dollar basis. Such election, if made, will be disclosed by HTA no later than seven (7) days prior to the HTA Effective Date. Accordingly, in the event you elect National Commutation Treatment and HTA subsequently makes such cash in lieu election, you will not receive New HTA Bonds and instead will receive Cash on a dollar-for-dollar basis equal to the amount of New HTA Bonds you otherwise would have received on account of your Allowed National Insured Bond Claim.

⁵ Subject to the Interest Accrual End Date, as defined herein.

⁶ For the avoidance of doubt, for the purpose of this calculation, the New HTA Bonds will be valued at par and will not reflect any trading price.

percentage of the Consummation Costs and/or the HTA PSA Restriction Fee allocable to National under the Plan.

If you elect the National Commutation Treatment (Option 1), (i) you shall not receive any payments from National under the National Insurance Policies on account of accrued and unpaid interest on and after, or, in the case of any capital appreciation bonds, the accreted value on and after, July 1, 2022 (the Deemed Issuance Date of the New HTA Bonds), and to the extent any accrued or accreted interest is paid to you by National after such date, such amount shall be credited against the Cash you (or your successors, transferees, or assigns) are otherwise entitled to receive as National Commutation Consideration (the “Interest Accrual End Date”), (ii) the National Insured Bonds underlying your Allowed National Insured Bond Claim shall be deemed cancelled on the HTA Effective Date, and (iii) you shall have no other or further rights under or with respect to the applicable National Insurance Policy or any of the National Non-Commutation Treatment options described in Section 26.2(b) of the Plan or with respect to the National Non-Commutation Treatment (Option 2) below.

National Non-Commutation Treatment (Option 2): You will receive the National Non-Commutation Treatment, being an amount equal to the National Acceleration Price, in Cash on the HTA Effective Date, or as soon as reasonably practicable thereafter, but in no event later than the tenth (10th) Business Day following the HTA Effective Date, in full and final satisfaction, release, and discharge of National’s obligations to you under the applicable National Insurance Policy, and National shall receive the National Plan Consideration that would be otherwise distributable to you (or your successors, transferees, or assigns). For the avoidance of doubt, the National Acceleration Price will include accrued and unpaid interest (or, in the case of any capital appreciation bonds, the compounded amount thereof) through the date of payment.

If you fail to make a valid election or submit an election for less than all of your Claims in Class 4 (in which case, such election will be void and of no force and effect), you will be deemed to have elected to commute the applicable National Insurance Policies, to release and discharge National’s obligations thereunder, and to receive distributions in accordance with the National Commutation Treatment (Option 1). If you do not validly elect to receive the National Non-Commutation Treatment, you shall be deemed to have had, on or after the HTA Effective Date, the National Insured Bonds, including the obligations of National under the related National Insurance Policies, underlying your Claim cancelled.

You are encouraged to review the entire Disclosure Statement and the Plan before making an election with respect to the form of distribution you will receive under the Plan. The tax consequences described in the Disclosure Statement are not a substitute for careful tax planning and professional tax advice upon your individual circumstances and you should seek advice from your own tax advisor.

Please take notice that you are not able to vote to accept or reject the Plan and will not receive separate voting instructions for such purpose. Pursuant to the Plan and the Disclosure
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Statement Order, National is entitled to vote to accept or reject the Plan on account of Claims arising from securities insured by National.

IF YOU WISH TO RECEIVE THE NATIONAL COMMUTATION TREATMENT (OPTION 1), YOU DO NOT NEED TO TAKE ANY FURTHER ACTION. HOWEVER, IN SUCH CASE, YOU WILL BE DEEMED TO HAVE ELECTED TO RELEASE, DISCHARGE, AND COMMUTE NATIONAL'S OBLIGATIONS AND THE NATIONAL INSURANCE POLICY.

Each holder of National Insured Bonds described on Exhibit A attached hereto that wishes to receive the National Non-Commutation Treatment (Option 2) must submit a valid election in the manner described herein.

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How to Submit a Valid Election

If you wish to elect to receive the National Non-Commutation Treatment (Option 2), you must instruct your broker or nominee (each, a "Nominee") to electronically deliver your National Insured Bonds via the Automated Tender Offer Program ("ATOP") at The Depository Trust Company ("DTC"), which will constitute an election via DTC's ATOP system to receive the National Non-Commutation Treatment (Option 2).

No paperwork is required to be delivered to Kroll to effectuate the election. The sole means of effectuating this election is to (i) validly tender your National Insured Bonds into the proper ATOP envelope at DTC, and (ii) make the election to receive the National Non-Commutation Treatment (Option 2), each as described on DTC's ATOP system.

**THE ELECTION DEADLINE IS
5:00 P.M. (ATLANTIC STANDARD TIME) ON JULY 27, 2022.**

This date and time is referred to as the "Election Deadline."

PLEASE TAKE NOTICE THAT IF YOU TENDER YOUR NATIONAL INSURED BONDS THROUGH ATOP, YOU WILL BE RESTRICTED FROM TRANSFERRING YOUR NATIONAL INSURED BONDS FROM THE ELECTION DEADLINE UNTIL THE HTA EFFECTIVE DATE OF THE PLAN. IF YOU DESIRE TO RETAIN THE ABILITY TO TRADE OR TRANSFER YOUR NATIONAL INSURED BONDS PRIOR TO THE HTA EFFECTIVE DATE, THEN YOU SHOULD NOT TENDER YOUR NATIONAL INSURED BONDS THROUGH ATOP.

YOU MAY, HOWEVER, REVOKE YOUR ELECTION AT ANY TIME BEFORE THE ELECTION DEADLINE AND WITHDRAW ANY TENDERED NATIONAL INSURED BONDS.

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How to Revoke an Election

You may revoke an election to receive the National Non-Commutation Treatment (Option 2) and withdraw your National Insured Bonds tendered through DTC's ATOP at any time before the Election Deadline.

If you wish to revoke your election, you must instruct your Nominee to revoke your election and withdraw your National Insured Bonds via ATOP at DTC (which withdrawal will be confirmed by Kroll once notified by DTC of the withdrawal request). No paperwork is required to be delivered to Kroll to effectuate the election.

If you revoke your election at any time before the Election Deadline, you may make an election to receive the National Non-Commutation Treatment (Option 2) at any time before the Election Deadline, in accordance with the instructions to submit an election above.

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If you have any questions about your holdings, please contact your Nominee. Additionally, you must contact your Nominee to take any action described above.

IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT THE BALLOTING AGENT, KROLL RESTRUCTURING ADMINISTRATION LLC (“KROLL”),⁷ BY TELEPHONE AT (844) 822-9231 (TOLL FREE FOR U.S. AND PUERTO RICO) OR (646) 486-7944 (FOR INTERNATIONAL CALLERS), AVAILABLE 10:00 A.M. TO 7:00 P.M. (ATLANTIC STANDARD TIME) (SPANISH AVAILABLE), OR BY EMAIL AT PUERTORICOINFO@PRIMECLERK.COM AND REFERENCE “NATIONAL DISTRIBUTION ELECTION” IN THE SUBJECT LINE. PLEASE NOTE THAT KROLL IS NOT AUTHORIZED TO PROVIDE, AND WILL NOT PROVIDE, LEGAL ADVICE.

All questions as to the validity, form and eligibility (including time of receipt) of your election will be determined by the Oversight Board, whose determination shall be final and binding on all parties. The Oversight Board and National reserve the absolute right to reject any or all elections that are not in proper form or the acceptance of which would, in its legal counsel's opinion, be unlawful. The Oversight Board and National also reserve the right to waive any defects, irregularities or conditions as to an election. A waiver of any defect or irregularity in one instance shall not constitute a waiver of the same or any other defect or irregularity with respect to any other instance except to the extent the Oversight Board may otherwise so provide. An election shall not be deemed to have been made until any defects or irregularities have been waived by us or cured. None of the Oversight Board, National or the Balloting Agent, nor any other person will be under any duty to give notification of any defect or irregularity in this election, or will incur any liability to you for failure to give any such notification.

⁷ On March 29, 2022, Prime Clerk LLC changed its name to Kroll Restructuring Administration LLC.

Exhibit A

Description	CUSIP